

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7466**

**BILL NUMBER:** SB 403

**NOTE PREPARED:** Apr 3, 2007

**BILL AMENDED:** Apr 3, 2007

**SUBJECT:** Freezing of Consumer Reports.

**FIRST AUTHOR:** Sen. Dillon

**FIRST SPONSOR:** Rep. Bardon

**BILL STATUS:** CR Adopted - 2<sup>nd</sup> House

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) *Consumer Report Freeze:* The bill provides that a consumer may prevent access to the consumer's consumer report by requesting that the consumer reporting agency place a security freeze on the consumer report.

*Electronic Request:* The bill requires a consumer reporting agency to develop and make available to consumers, not later than January 1, 2009, a secure electronic mail connection by which a consumer can request: (1) the placement of a security freeze; or (2) the same or a new personal identification number or password for use in releasing a report that is subject to a freeze.

*Release of Information:* It prohibits a consumer reporting agency from releasing any information from a consumer report that is subject to a security freeze unless the consumer requests: (1) the release of the report to a specified third party; or (2) the temporary lifting of the freeze for a specified period. For a consumer report subject to a security freeze, the bill sets forth procedures for a consumer to request the: (1) release of the report to a third party; (2) temporary lifting of the freeze for specified period; or (3) removal of the freeze. The bill also requires a consumer reporting agency to develop and make available to consumers, not later than January 1, 2009, secure procedures to process, within 15 minutes of receiving a request, a telephonic or an electronic authorization from a consumer to: (1) release a consumer report subject to a security freeze; (2) temporarily lift a security freeze; or (3) remove a security freeze.

*Exceptions:* It provides that specified persons may receive information from a consumer report that is subject to a security freeze, including licensed insurers. It also provides that specified persons are not required to place a security freeze on a consumer's consumer report, including consumer reporting agencies that furnish specialized credit reporting tools to energy utilities.

*Notices:* The bill requires a consumer reporting agency to provide a consumer written notice, in connection with certain required disclosures, that the consumer may place a security freeze on the consumer's consumer report.

*Fees:* The bill prohibits a consumer reporting agency from imposing a fee for doing any of the following upon a consumer's request: (1) Placing a security freeze on the consumer's consumer report. (2) Releasing the consumer's consumer report to a specified person, if the report is subject to a security freeze. (3) Temporarily lifting a security freeze. (4) Removing a security freeze. (5) Issuing a personal identification number or password for use by the consumer in releasing information from a frozen consumer report, lifting a security freeze, or removing a security freeze.

*Violations:* It provides a cause of action to a consumer aggrieved by a consumer reporting agency's violation of the provisions concerning security freezes. It allows the Attorney General to bring an action to recover a civil penalty from a person who knowingly or intentionally violates the provisions concerning security freezes.

**Effective Date:** (Amended) September 1, 2007.

**Explanation of State Expenditures:** (Revised) The Office of the Attorney General could incur costs to bring an action for a person knowingly or intentionally violating the provisions concerning consumer report security freezes.

**Explanation of State Revenues:** A consumer may bring a civil action if the consumer is injured by a violation of the provision, and a person could be liable for actual damages sustained by a consumer. The penalties under these sections would be payable to the consumer or consumer reporting agency. The Attorney General's Office may also bring an action which could result in a civil penalty of \$2,500 for a violation affecting one consumer or not more than \$100,000 for violations affecting more than one consumer. A penalty for an action brought by the Attorney General would be paid to the state General Fund.

If additional consumer-initiated civil actions occur and court fees are collected, revenue to the state General Fund may increase. A civil filing fee of \$100 would be assessed when a civil case is filed, 70% of which would be deposited in the state General Fund when the case is filed in a court of record. Any additional revenue is likely to be minimal.

The Attorney General's Office does not pay court fees to bring an action. However, a defendant may be required to the pay court fees, if they do not prevail.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** Circuit and superior courts could see an increased number of suits filed as a result of the bill. The county general fund would receive 27% of the \$100 filing fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. Any additional revenue is likely to be minimal.

**State Agencies Affected:**

**Local Agencies Affected:** Circuit and Superior Courts.

**Information Sources:**

**Fiscal Analyst:** Chris Baker, 317-232-9851.